GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:1823
ANSWERED ON:02.08.2001
IMPROVEMENT IN SHIPPING INDUSTRY
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Will the Minister of SHIPPING be pleased to state:

(a) whether there is a need to improve the competitive strength of the Shipping Industry; and

(b) if so, the steps taken or proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI HUKUMDEO NARAYAN YADAV)

(a) & (b) :- Yes, Sir. The improvement of the competitive strength of the Indian Shipping Industry is a continuous process. In order to have a level playing field for the Shipping industry to compete globally, the Government has been taking various steps from time to time to give Shipping Industry the required boost. Shipping is a globally competitive industry and shipping companies continuously strive to live upto the requirements of competition. Government of India has taken a number of policy decisions in recent years. Some of the important measures taken are:-

(i) All categories of ships viz.; crude tanker, Product Tanker, Bulk Carriers etc. have been included in the free list for import after the amendments in the Exim Policy for 2001-2002, to facilitate acquisition at competitive price;

(ii) Ships (including second hand ships) can be imported freely now without license as per guidelines issued by the Ministry of Shipping.

(iii) Facility for Acquisition of ships through Bare Boat Charter-cum-Demise method;

(iv) Shipping companies have been allowed to retain sale proceeds of their ships abroad and utilise them for fresh acquisition;

(v) The Shipping companies are now permitted to get their ships repaired in any shipyard without seeking prior approval from the Government;

(vi) Quarterly Block Allocation scheme for repair of ships has been dispensed with;

(vii) Reserve Bank of India releases foreign exchange for ship repair/dry docking and spares for imported capital goods, without any value limit;

(viii) Indian Shipping Companies can Time Charter out ships without any restrictions;

(ix) 100 percent investment by NRIs in shipping with full repatriation benefits;

(x) No permission is required for raising foreign exchange loans from abroad by mortgaging the vessel with the lender;

(xii) Restoration of Section 33 AC(of Income Tax Act) benefits in its original form, thereby facilitating ploughing back of profits by Shipping Companies for new acquisition.

(xii) The proposed Custom duty of 5% on import of Ships in the Finance bill for 2001-2002, has been done away with.

(xiii) Enhancement of Depreciation rate from 20% to 25% for Ships.